

Sempra	PG&E	
<p><u>Earnings Claims/Recovery and Linkage to EM&V</u></p> <p><i>4 claims per three-year program cycle based on cumulative achievements</i></p>	<p><i>4 claims per three-year program cycle based on annual achievements 1]</i></p> <p>Claims 1-3 based on annual verification reports of installations and program costs;</p> <p>Final Claim based on results of impact EM&V and all verifications reports;</p>	<p>MPS is applied once to each program year, based on verified installations for each program year. <i>Ex ante</i> load impacts are used to determine whether the MPS is achieved.</p>

Claim 1:

- (a) Filed in Nov 2007 based on Joint Staff's August 2007 Report
- (b) PEB net benefits for PY2006 trued up for verified installations and costs, plus *ex ante* forecasts of PEB net benefits for PY2007 and PY2008;
- (c) If results of (b) show that MPS is met for the full 3-year period, then (d) Payout is 25% of PEB calculated in (b) times the earnings rate (30%)

Claim 1:

- (a) Filed in Nov 2007 based on Joint Staff's August 2007 Report
- (b) GWh, MW and Mtherm savings achievements for PY2006 based on verified installations and *ex ante* load impacts.
- (c) If results of (b) show that MPS is achieved, the PY2006 resource programs qualify for earnings.
- (d) Payout is 15% of PEB for 2006, based on verified installations, costs and *ex ante* load impacts.

Claim 2:

- (a) Filed in Nov 2008 based on

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- (a) Filed in Nov 2008 based on


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Joint Staff's August 2008 Report
(b) PEB net benefits for PY2006 and PY2007
trued up for verified installations and
costs plus *ex ante* forecasts of PY 2008
PEB net benefits;
(c) If results of (b) show that MPS is
met for the full 3-year period, then
(d) Payout is 50% of PEB calculated in (b)
times the earnings rate (30%)
(Less amount paid out in Claim 1)

Joint Staff's August 2008 Report
(b) GWh, MW and Mtherm savings achievements
for PY2007 based on verified installations and
ex ante load impacts.
(c) If results of (b) show that MPS is
achieved, the PY2007 resource programs qualify
for earnings.
(d) Payout is 15% of PEB for 2007, based on
verified installations, costs and *ex ante*
load impacts.

Claim 3:

(a) Filed in Nov 2009 based on
Joint Staff's August 2009 Report
(b) PEB net benefits for PY2006, PY2007
and PY2008 trued up for verified installations
and costs.
(c) If results of (b) show that MPS is
met for the full 3-year period, then
(d) Payout is 75% of PEB calculated in (b)
times the earnings rate (30%)
(Less amounts paid out in Claims 1 and 2)

Claim 3:

(a) Filed in Nov 2009 based on
Joint Staff's August 2009 Report
(b) GWh, MW and Mtherm savings achievements
for PY2008 based on verified installations and
ex ante load impacts.
(c) If results of (b) show that MPS is
achieved, the PY2008 resource programs qualify
for earnings.
(d) Payout is 15% of PEB for 2008, based on
verified installations, costs and *ex ante*
load impacts.

Claim 4: (Final True-Up)

(a) Filed in November 2010 based on
Joint Staff's March 2010 Final
PEB/Impact Analysis
(b) PEB for 3-year program cycle trued up
based on impact analysis and all
verification studies
(c) If results of (b) show that MPS is
met for the full 3-year period, then
(d) Payout is 100% of PEB calculated in
(b) times the earnings rate (30%)
(Less amounts paid out in Claims 1, 2, 3)

Claim 4 (Final True-Up):

(a) Filed in November 2010 based on
Joint Staff's March 2010 Final
PEB/Impact Analysis
(b) PEB for 3-year program cycle trued up
based on impact analysis and all
verification studies.
(c) **MPS not revisited in this claim**
(d) This claim is used to determine any adjustments
to the previous PEB net benefit calculations,
and cumulative earnings paid out, based on
ex post load impacts. If true-up results in a
decrease in shareholder incentives, this

Joint Staff's August 2008 Report
(b) GWh, MW and Mtherm savings achievements
for PY2007 based on verified installations and
ex ante load impacts.

(c) If results of (b) show that MPS is
achieved, the PY2007 resource programs qualify
for earnings.

(d) Payout is 15% of PEB for 2007, based on
verified installations, costs and *ex ante*
load impacts.

If MPS is not met based on the Final Claim PEB then all earlier earnings paid out will be returned by the utility to ratepayers.

decrease is netted against current earnings claims (e.g., for PY2009).

Note: Filing is not clear on how lifecycle costs and benefits for 2006-2008 C&S activities "are determined by measurement" in this process.

Numerical Examples:
See pp. 8-9 and Attachment 7 of SDG&E's Pre-Workshop Comments

Interest Accrual?

not addressed
Yes, on earnings claimed but not yet collected.
(from the end of the program year until recovery.

[1] The description of this section is not clear in pre-workshop comments--this is my best attempt to interpret the proposal.

SCE	NRDC	DRA
2 claims per program year [1]	2 claims per three-year program cycle based on cumulative achievements	

One half of claim submitted in year after the program with other half submitted the following year subject to true-up based on measurement studies available at the time of the 2nd claim;

MPS applied to first earnings claim only (on cum. basis). If met at first claim, eligible for second claim for the portfolio. If not met in first claim, portfolio ineligible for entire claim period.

One half claim for program cycle submitted to coincide with Interim Performance Basis Report, and final claim/true-up based on Final Verification and Performance Basis Report.

The 3-year cycle MPS must be achieved for earnings to be paid out in each claim, and that achievement is based on *ex post* load impacts. MPS is also trued up with final earnings claim.

Claim 1:

- (a) Filed in Spring following program year, for example in Spring 2007 for PY2006 claim.
- (b) GWh and MW savings achievements based on most current Commission-approved measurement study at time of filing. Could supplement claims late summer/fall in response to Staff reports per EM&V protocols.
- (c) if results of (b) show that *cumulative* MPS for 3-year program cycle will be met (using *ex ante* estimates for 2007 and 2008),

Claim 1:

- (a) Filed in Spring 2008 to coincide with due date for Final Verif. and Perf. Basis (due March 2008 for 2006-2008 cycle)
- (b) GWh, MW and therm savings based on the verification of installations and load impacts presented in the 2006 Verif. Report and Interim Perf. Basis Report, or if those are not available, on the best-available *ex post* information at the time of scheduled claim or assessment.
- (c) if results of (b) show that each savings metric is expected to meet the *cumulative* MPS for the 3-year program

then,
(d) Payout is 50% of PEB calculated in (b) times the earnings rate (15%).

cycle (using *ex post* results available), then
(d) Payout is based on PEB times the Tier 1 or 2 earnings rate, based on the level of savings above MPS.

Claim 2 (Final True-Up):

- (a) Filed in Spring of following year, e.g., in Spring 2008 for PY 2006 2nd claim.
(b) MPS not revisited
(c) GWh and MW savings achievements and load impacts based on current Commission approved EM&V study at time of filing. Could supplement claims late summer/fall in response to Staff reports per EM&V protocols.
(d) This claim is used to determine any adjustments to the previous PEB net benefit calculations, and to assess if any penalties are required per cost-effectiveness guarantee.

Claim 2 (Final True-Up):

- (a) Filed in Spring 2010 to coincide with due date for Final Verif./Perf. Basis Report (due March 2008 for 2006-2008 cycle)
(b) PEB and savings for 3-year program cycle based on results of load impact and verifications studies.
(c) if results of (b) show that each savings metric was met for the full 3-year period, then
(d) Payout is based on the trued-up PEB times the Tier 1 or 2 earnings rates, based on results of final report.
(Less amount paid in Claim 1)
This claim is used to determine any adjustments to previous payouts or penalties if the Tier 1 or 2 penalty provisions apply when the PEB and savings are trued-up in this claim.

If MPS is not met based on the Final Claim then all earlier earnings paid out will be returned by the utility to ratepayers.

not addressed